



Seattle
Public
Utilities



SPU Customer Review Panel November SBP Meeting

Seattle Public Utilities

November 13, 2023



A panoramic view of the Seattle waterfront. In the foreground, the blue water of the harbor is visible. A wooden pier extends into the water, featuring the large white Great Wheel on the left and the blue and yellow Pier 56 building on the right. The background is filled with a dense urban skyline of various skyscrapers and buildings under a clear blue sky.

Welcome

Noel Miller

Co-Chair, CRP

Public Comment

Cheryl Swab, BDS Planning



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SBP Update Elements

- Rate Path Discussion
- Proposed Initiatives & Investments:
 - Empowering Our Customer, Community and Employees
 - Strengthening Our Utility's Business Practices

SPU Finances, Rates, Bills, and Affordability

Maria Coe, SPU



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Seattle Public Utilities – by the numbers!

More than 1.5 million customers

\$1.35 billion/year revenue

\$127 million/year utility taxes to General Fund

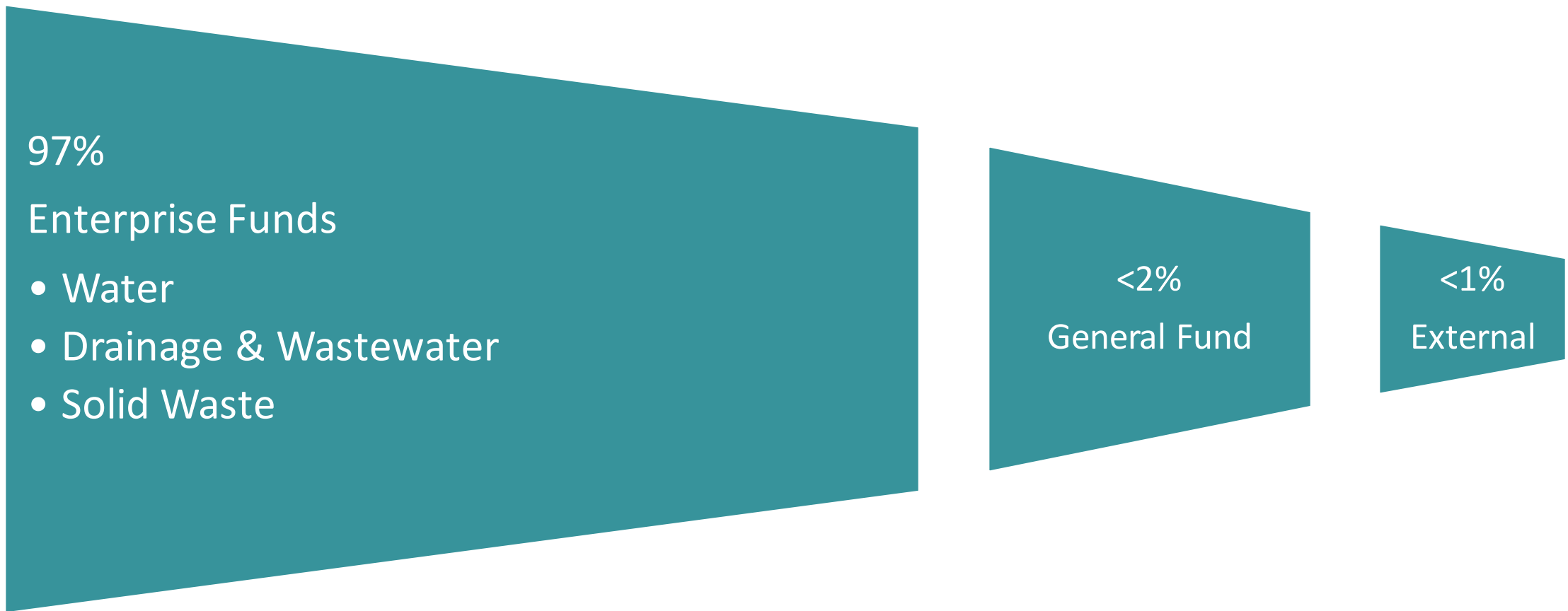
\$294 million/year capital budget

1500+ employees

Employee demographics: **50% white; 17% Asian; 15% Black; 6% Hispanic; 13% other**



SPU Revenues & Budget



97%

Enterprise Funds

- Water
- Drainage & Wastewater
- Solid Waste

<2%

General Fund

<1%

External

2023 SPU Expenses by Category

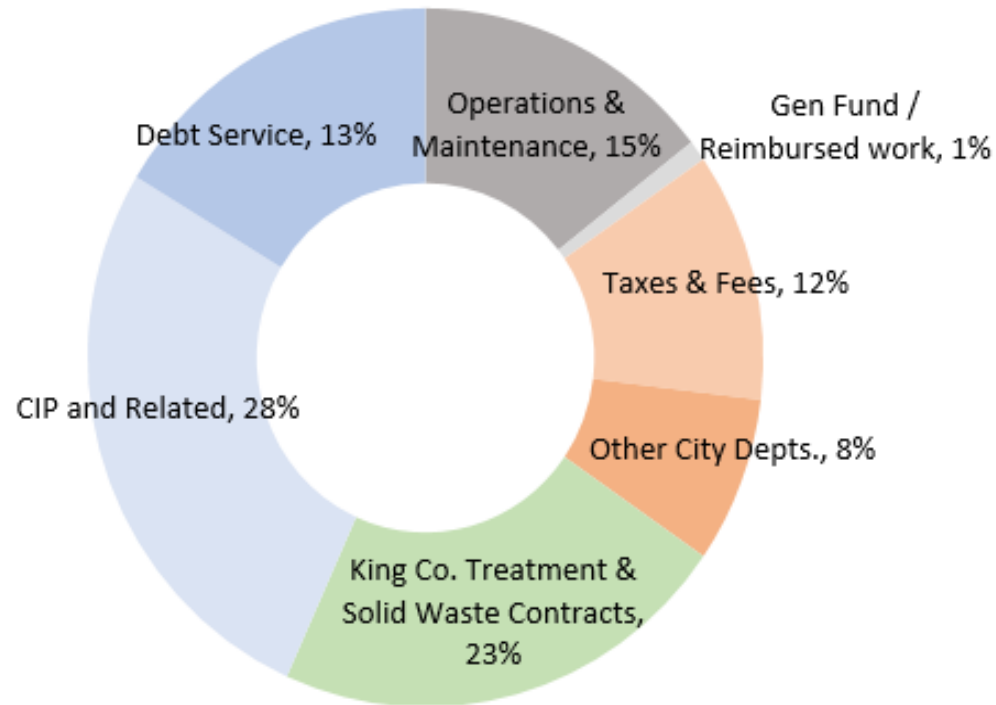
Costs Summary

Capital/Debt Service: 41%

Major Service Contracts: 23%

Taxes/Fees/Other City Depts.: 20%

Operations & Maintenance: 16%



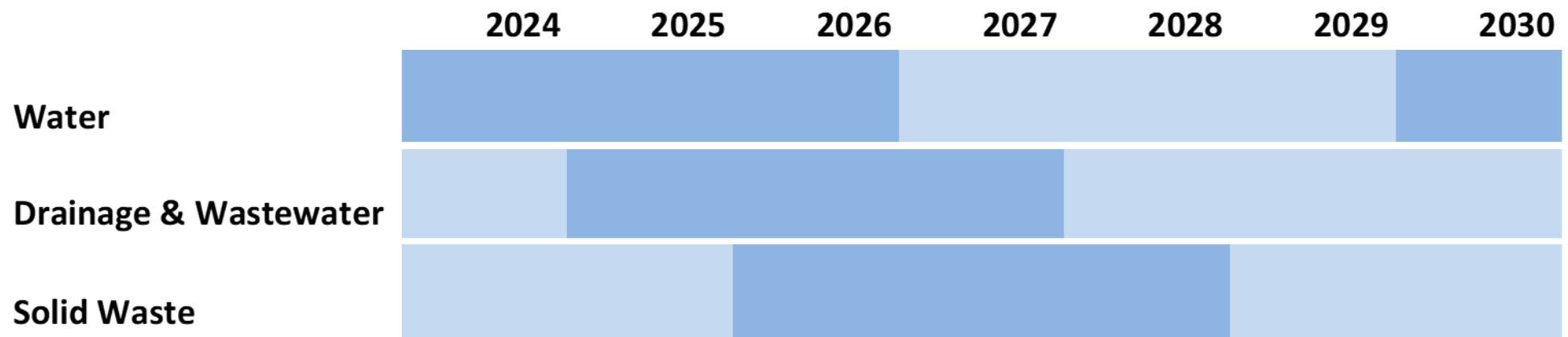
SPU costs are still largely fixed or with little discretionary control. Factors that are increasing costs include:

- Higher than expected increases in King County wastewater treatment charges to cities
- Funding for large capital projects required for state and federal regulatory compliance
- Targeted funding increases to address deferred maintenance of aging capital assets
- Increased commitment to keep pollutants out of our natural waters



SPU Rates Schedule

Rates are typically set for a three-year period:



Rate Setting Overview

- **Step 1: How much revenue is needed?**
- **Step 2: Who should this revenue be collected from?**
- **Step 3: How should the allocated revenues be collected?**

Rate Setting Objectives

- Revenue Requirement
- Equity Consideration
- Conservation
- Customer Understanding
- Rate Stability
- Financial Stability



Rates Forecasts and the SBP

- The Strategic Business Plan is like having three rate studies rolled into one
- The Strategic Business Plan projects costs and services over six years instead of the three years projected during the individual rate studies
- The Strategic Business Plan projects average rates for all customer classes, not rates by each customer class
- The further out projected, the more uncertainty and financial risk



Adopted SBP Rate Path

2021-26 SBP Original Adopted SBP

<u>SBP Update</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2021-26</u>
Water	0.0%	2.7%	4.7%	3.6%	4.2%	5.5%	3.4%
Wastewater	7.3%	3.1%	5.9%	0.5%	7.8%	3.6%	4.7%
Drainage	7.4%	8.6%	7.2%	3.9%	6.5%	6.7%	6.7%
Solid Waste	2.9%	2.9%	2.2%	2.3%	2.1%	2.1%	2.4%
Combined	4.5%	3.9%	5.0%	2.2%	5.4%	4.2%	4.2%

 Approved rate legislation that is currently in effect

Key Factors Impacting Rates

- Inflation
- Taxes
- Regulation
- Contracts – King County
- Aging Infrastructure

SPU Inflation Planning

- SPU assumed a **5.2%** inflation factor in its 2021-2026 Strategic Business Plan (Adopted 2021)
- For O&M inflation, SPU coordinates with CBO on 21 inflation categories (see example list)
- For CIP inflation, our Project Managers use a cost estimating guide which includes inflation and escalation (for commodities such as concrete, steel, etc.)

Example Inflator Categories

• CITY FLEET COSTS	5.0%
• CITY FUEL	6.0%
• FLEET MAINTENANCE	7.0%
• ITD ALLOCATION	7.0%
• PROFESSIONAL SERVICES	4.0%
• BENEFITS - MEDICAL	9.0%
• BENEFITS - OTHER	7.0%
• REGULAR SALARY / COLA	3.5%
• TRAINING/TRAVEL	10.0%
• UTILITIES	5.0%

Inflation – Impact on Budget & Rates

Finance & Economy

- **National & Local Inflation Increasing**
 - Highest levels in 3+ decades
 - Increased Contract Costs
 - King County Wastewater Treatment
 - Solid Waste Contracts – Labor, CPI, Fuel Indices
- **SPU Financing**
 - Higher borrowing costs
- **Budget Planning: SPU/CBO**
Budget-inflation assumptions
- **Day-to-day Spending: SPU**
underspending, especially capital
- **Supply Chain & Logistics**
 - Shipping delays, fragile supply chain
 - Higher materials and fuel costs
 - Availability of materials and labor



State and Local Taxes Included in Rates

Entity	Type	Water	Wastewater	Drainage	Solid Waste
City	Utility Tax	15.54%	12.00%	11.50%	14.20%
	B&O Tax	0.22%	--	--	--
	Tonnage Tax	--	--	--	\$13.27/ton
State	Utility Tax	5.03%	3.85%	--	--
	B&O Tax	1.50%	1.50%	1.50%	1.50%
	Solid Waste Tax	--	--	--	3.60%
Combined Tax Impact		20.57%	13.20%	13.00%	15.30%
Typical SF Monthly Bill Impact*		\$10.01	\$10.01	\$7.26	\$8.63

*Current tax rates are not projected to change through the SBP period.

In 2023, SPU is projected to pay \$159M in City and State taxes.

Customer Bill - Combined Impact

Typical monthly bill for several types of customers in 2023:

- Single family home – change of \$8
- Multi-family unit – change of \$5
- Convenience store property – change of \$33

Single Family	2021	2022	2023	2024	2025	2026
Water	\$46	\$47	\$49	\$51	\$53	\$55
Wastewater	\$72	\$73	\$76	\$78	\$82	\$85
Drainage	\$50	\$53	\$56	\$59	\$63	\$67
Solid Waste	\$55	\$56	\$57	\$59	\$60	\$62
Combined	\$222	\$229	\$238	\$247	\$258	\$269
Monthly Change	\$10	\$7	\$8	\$9	\$11	\$11

Multifamily	2021	2022	2023	2024	2025	2026
Water	\$25	\$26	\$26	\$28	\$29	\$30
Wastewater	\$67	\$68	\$71	\$73	\$76	\$79
Drainage	\$9	\$10	\$10	\$11	\$12	\$13
Solid Waste	\$28	\$29	\$29	\$30	\$31	\$32
Combined	\$129	\$132	\$137	\$142	\$148	\$154
Monthly Change	\$6	\$3	\$5	\$5	\$6	\$6

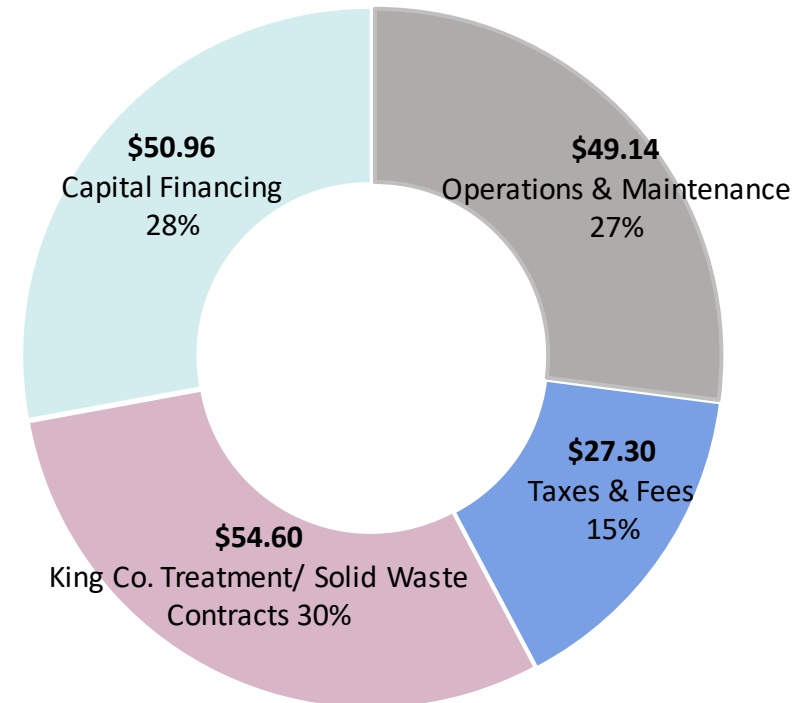
Convenience store	2021	2022	2023	2024	2025	2026
Water	\$107	\$110	\$114	\$119	\$125	\$129
Wastewater	\$333	\$340	\$354	\$364	\$380	\$397
Drainage	\$120	\$129	\$136	\$145	\$154	\$164
Solid Waste	\$556	\$573	\$581	\$596	\$612	\$626
Combined	\$1,117	\$1,152	\$1,185	\$1,224	\$1,270	\$1,315
Monthly Change	\$46	\$34	\$33	\$39	\$46	\$45

Where the Money Goes

Typical Customer Bill Breakout

Single family residence
monthly bill: \$182

This includes water, sewer,
and garbage service.



Strategic Business Plan & Affordability

External -- Customer Assistance Programs

- Utility Discount Program – ongoing
- Emergency Assistance Program – ongoing
- Flexible payment plans – ongoing
- SPU Donation Fund – ongoing

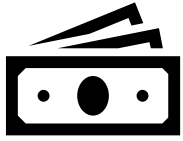
Internal -- Financial Management

- Refunding of higher interest rate debt
- Buy back of higher interest rate debt
- Low interest State of Washington loans
- Ongoing evaluation of alternative financing options

Proposed Initiatives & Investments

Part 2





- Investments – Reported on Quarterly; Typically capital infrastructure; Representing > \$5 million in expenditures



- Initiatives – Reported on Annually; Typically planning, policy programmatic in nature; Representing < \$1 million in expenditures



21 Initiatives and Investments Detail

Focus Area	Effort	Type	Line of Business				Rate Impact		
			Water	Drainage & Wastewater	Solid Waste	All	Base Funding	Increment	New Investment
Delivering Equitable Essential Services	1. North 'One Water' Operations Facility	Investment	✓	✓			❖	❖	
	2. In House Water Quality Treatment	Investment	✓				❖	❖	
	3. Field Engineering Improvements Program	Investment				✓	❖		❖
	4. SPU Clean City and Unsheltered Support Services	Investment		✓	✓		❖		
	5. Duwamish Valley Resilience	Investment		✓			❖	❖	
Stewarding Environment and Health	6. Shape Our Water	Initiative		✓			❖		
	7. Water Supply Planning	Initiative	✓				❖		
	8. Cedar and Tolt Watershed Resilience	Initiative	✓				❖		
	9. Upstream Legislative Strategies	Initiative				✓	❖		
	10. 2030 Carbon Neutrality and Sustainable Operations	Initiative				✓	❖		❖
	11. Waste Prevention and Diversion	Investment			✓		❖	❖	
Empowering Customers, Community, and Employees	12. Customer Affordability Programs	Initiative				✓	❖		
	13. Side Sewer Assistance	Investment		✓			❖		❖
	14. Automated Metering Infrastructure	Investment	✓						❖
	15. Seeds of Resilience Investments	Initiative				✓	❖		
	16. Equity in Contracting	Initiative				✓	❖		
	17. Employee Life Cycle Initiatives	Initiative				✓	❖		❖
Strengthening Our Utilities Business Practices	18. Alternative Funding and Financing	Initiative				✓	❖		
	19. DWW Asset Management Program	Investment		✓			❖		❖
	20. Water Asset Management and Seismic Program	Investment	✓				❖		❖
	21. Strategic Technology Plan	Investment				✓	❖		

Initiatives and Investments Revisions Summary - Draft

Focus Area	Existing 2021-2026 SBP (18)	Proposed 2025-2030 SBP (21)
Delivering Equitable Essential Services	n/a	<ol style="list-style-type: none"> 1. <u>North 'One Water' Operations Facility</u> ** 2. <u>In-house Water Quality Treatment</u> 3. <u>Field Engineering Improvements Program</u> 4. SPU Clean City and Unsheltered Support Services ** 5. <u>Duwamish Valley Resilience</u> **
Stewarding Environment and Health	<ol style="list-style-type: none"> 1. Shape Our Water 2. Ship Canal Water Quality Project 3. Climate Justice, Adaptation and Mitigation 4. Green Stormwater Infrastructure 5. Waste Diversion 6. Waste Prevention 	<ol style="list-style-type: none"> 6. Shape Our Water ** 7. <u>Water Supply Planning</u> 8. <u>Cedar and Tolt Watershed Resilience</u> 9. <u>Upstream Legislative Strategies</u> 10. <u>2030 Carbon Neutrality and Sustainable Operations</u> ** 11. Waste Prevention and Diversion **
Empowering Our Customer, Community and Employees	<ol style="list-style-type: none"> 7. Customer Affordability Programs 8. Side Sewer Assistance 9. SPU Support Services for the Unsheltered 10. Seeds of Resilience Impact Investment 11. Race and Social Justice Strategic Plan 12. SPU Workforce Development 13. Workforce Facilities Investments 	<ol style="list-style-type: none"> 12. Customer Affordability Programs ** 13. Side Sewer Assistance ** 14. <u>Advanced Metering Infrastructure (AMI)</u> 15. Seeds of Resilience Investments ** 16. <u>Equity in Contracting</u> ** 17. Employee Life Cycle Initiatives **
Strengthening Our Utility's Business Practices	<ol style="list-style-type: none"> 14. Affordability and Accountability Strategic Plan 15. Risk and Resilience Strategic Plan 16. Water Seismic Resilience 17. DWW Asset Management Work 18. Water Asset Management and Opportunity Work 	<ol style="list-style-type: none"> 18. Alternative Funding and Financing ** 19. DWW Asset Management Program ** 20. Water Asset Management and Seismic Program ** 21. <u>Strategic Technology Plan</u>

** = Denotes element that is a carryover or carryover with greater specificity from the 2021-2026 SBP

Context for Proposed Initiatives and Investments

Focus Area	Proposed 2025-2030 SBP	Relationship to Current SBP	Previously Discussed with CRP
Empowering Our Customer, Community and Employees	12. Customer Affordability Programs	Carryover and update from last SBP	Yes - Affordability Study Session (<i>April '23</i>) - Foundational Briefing (<i>Feb '23</i>)
	13. Side Sewer Assistance	Carryover and expansion from last SBP	Yes - DWW Foundational Briefing (<i>Feb '23</i>)
	14. Advanced Metering Infrastructure (AMI)	New	Yes - Water Foundational Briefing (<i>Feb '23</i>)
	15. Seeds of Resilience Investments	Carryover from last SBP	
	16. Equity in Contracting	New	No
	17. Employee Life Cycle Initiatives	Carryover and update from last SBP	Yes - Corporate Foundational Briefing (<i>March '23</i>)

Context for Proposed Initiatives and Investments

Focus Area	Proposed 2025-2030 SBP	Relationship to Current SBP	Previously Discussed with CRP
Strengthening Our Utility's Business Practices	18. Alternative Funding and Financing	Carryover and update from last update (detail from A+A strategy)	Yes - Foundational Briefing <i>(Feb '23)</i>
	19. DWW Asset Management Program	Carryover and update from last SBP	Yes - DWW Foundational Briefing <i>(Feb '23)</i>
	20. Water Asset Management and Seismic Program	Carryover and update from last SBP	Yes - Water Foundational Briefing <i>(Feb '23)</i>
	21. Strategic Technology Plan	New	Yes - Foundational Briefing <i>(April '23)</i>



Revisions SBP Initiatives and Investments Review

Empowering Our Customers, Community and Employees



Seeds of Resilience



Proposal

- Continue \$600k/year funding, expand funded projects and partnerships

Strategic Importance to SPU

- Seeds/grows markets in the private sector with business case for SPU, and:
 - Advances "greener" management of waste and water, in partnership with private sector
 - Creates jobs and entrepreneurship opportunities
 - Advances social and economic equity
- Examples of funded projects:
 - Fund training for BIPOC entrepreneurs to service/clean restaurant grease traps, to improve FOG compliance and protect wastewater system
 - Fund training for formerly incarcerated community members to learn how to deconstruct homes;

Major Milestone Commitments (2025-2030)

- Consistently spend at least \$500k annually, projects evenly distributed across LOB priorities

Budget + Funding Source

- \$600k annually on-going; source: utility rate payer funds from 3 enterprise funds

Equity in Contracting



Proposal

- An interdepartmental effort to develop and implement strategies and solutions to break down barriers and improve access to contracting opportunities for WMBE firms and enhance overall experience doing business with the City of Seattle.
- Solicit WMBE feedback through the [Doing Business with the City Survey](#)

Strategic Importance to SPU

- To lead with race and social justice by amplifying engagement with WMBE firms and imbed equity in City contracting practices.

Major Milestone Commitments (2025-2030)

- No new funding requested
- Implement strategies and solutions
- Report progress and recognize accomplishments
- Develop and administer Doing Business with the City Survey #2

Employee Life Cycle Initiatives



- **Proposal:** In order to create a workplace culture that promotes equity and inclusion we are proposing to examine the Employee Life Cycle beginning when they first apply through their separation with SPU. There will be several initiatives and policies developed, including the employee onboarding, workforce development, succession planning and the offboarding experience. The initiatives will build on the successes SPU has had in creating a diverse workforce and creating professional growth opportunities through promotions.
- **Strategic Importance to SPU:** Creating an environment that promotes equity and inclusion provides employees a feel of belonging and satisfaction in their job. This will also help employees deliver quality service to the public and have an employee workforce that is representative of the community in all positions within SPU.
- **Major Milestone Commitments: (2025-2030):**
 - 2025 Q2: Evaluation period to assess the employee lifecycle touchpoints
 - 2025 Q4: Generate recommendations to develop or modify processes and policies
 - 2025-2030: Hire appropriate staffing to take on new initiatives to support SPU employees
- **Budget:** The funding is dedicated to hiring new staff during the 5-year SBP for total funding of \$2.4 million and will be funded by Water, Drainage and Wastewater, and Solid Waste funds.

Customer Affordability Programs



- **Proposal:**

- Continue to improve our utility bill assistance programs and collection policies with the goal of keeping our services affordable for lower-income customers, helping our customers pay their bills on time, and preventing water shutoffs related to nonpayment.

- **Strategic Importance to SPU:**

- Addressing affordability for our lower-income customers is key to delivering equitable essential services and building trusted relationships with our customer and community.

- **Major Milestone Commitments: (2025-2030)**

- Complete Utility Assistance Evaluation and implement recommendations for program improvement
- Implement Promise Pay
- Continue to prevent water shutoffs during extreme heat events

Side Sewer Assistance

DWW Side Sewer Assistance Long-Range Planning								
2022	2023	2024	2025	2026	2027	2028	2029	2030
Phase I: Loans								
			Phase II: Maintenance Incentives					
						Phase III		

Proposal:

Expansion of the current program into Phase 3 with new delivery models, including neighborhood-focused private sewer pipe lining.

Strategic Importance to SPU:

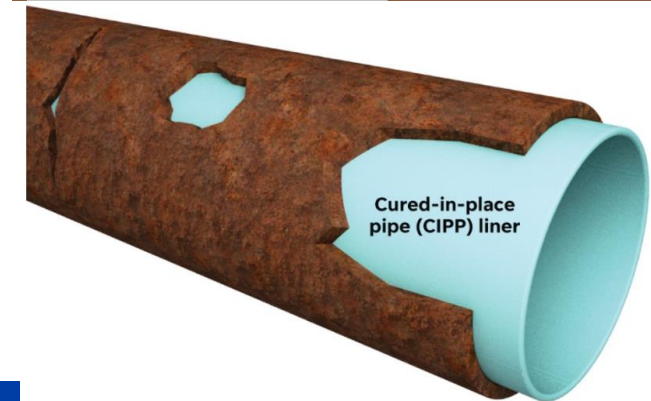
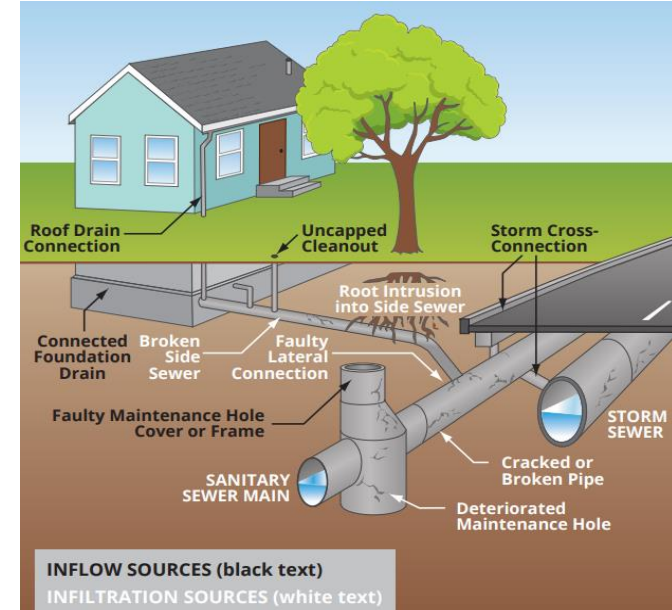
Improve system capacity through inflow and infiltration reduction.

Major Milestone Commitments:

- Q2 2025- Establish program team
- Q4 2025- Program options analysis
- Q4 2026- Establish performance-based contract with sewer vendor for private pipe repair work
- Q1 2027- Full scale program implementation

Budget + Funding Source:

\$10.4M new - DWW LOB



Break and Remarks

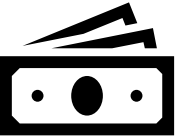
Andrew Lee, SPU CEO



Strengthening Our Utility's Business Practices



DWW Asset Management Program



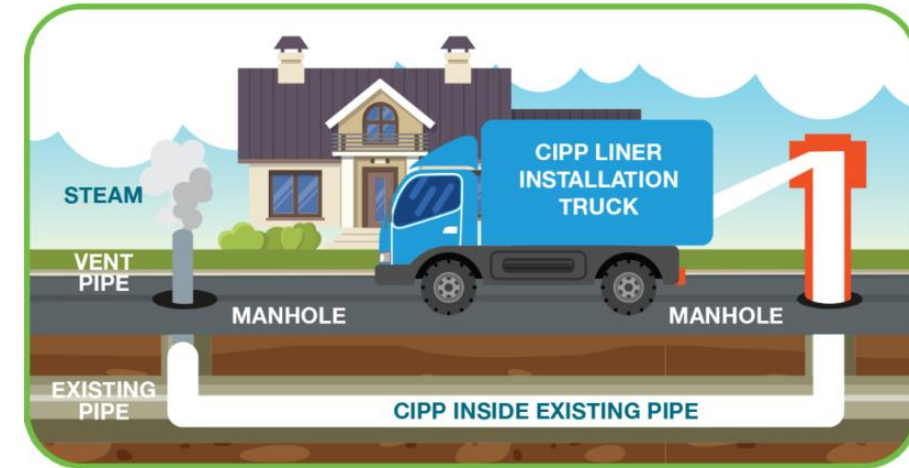
Proposal: Develop an in-house full-pipe lining program.

Strategic Importance to SPU: We are investing heavily in pipe lining as a cost-effective measure to address aging sewer pipe. This program provides a way to address urgent needs before they become an emergency and provides an opportunity for our frontline crews to learn a new skill

Major Milestone Commitments: (2025-2030)

- 2025: Hire first 9 FTEs to help collect condition information for drainage infrastructure
- 2026-2029: Plan out the lining program, training plan and procure equipment
- 2030: Hire remaining 8 FTEs for the lining crew

Budget + Funding Source: Funding would be reallocated from the CIP Pipe Rehab Program contracted work to the in-house work



Alternative Funding and Financing



Proposal: Pursue alternative funding (grants) and financing (loans) opportunities and partnerships that are a best fit match for SPU.

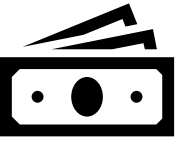
Strategic Importance to SPU: Help keep SPU rates affordable; leverage benefits of SPU investments.

Major Milestone Commitments: (2025-2030)

- Structural - Funding source inventory, process efficiencies, metrics
- Strategic - Pursuit portfolio, advocacy plan, key relationship building



Water Asset Management & Seismic Resilience



Proposal:

- Continue to implement projects to replace aging water system assets and improve the water system’s resilience to and system reliability after earthquakes.
- Take advantage of transportation project opportunities where possible.

Strategic Importance to SPU: Ensure continued water supply and service to 1.5M customers

Major Milestone Commitments: Base only

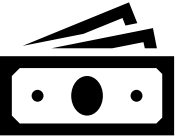
Milestones
Replace 2 miles of distribution water main per year
Replace 650 water service lines per year
Review every SDOT project for water distribution system improvement opportunities and partner on projects where possible.
Complete seismic upgrades on the following SPU water assets: <ul style="list-style-type: none"> • Magnolia Tank • Cedar River Pipeline at Renton • Eastside Reservoir • Riverton Reservoir

Budget + Funding Source: Base only, CIP only

Program	2025-2030 (000's)
Water main replacement	\$185,986
Service line replacement	\$49,777
Transportation Project Opportunities	\$42,325
Distribution System Seismic Improvements	\$29,592
Transmission System Seismic Improvements	\$87,463
Total Baseline Capital	\$395,143



Strategic Technology Plan



Proposal: This NEW investment will focus on the implementation of the strategic technology plan across SPU. The key technology goals and objectives will help guide strategic technology decision-making for the next three to six years:

- Align technology solutions with utility strategies and business goals.
- Ensure our technology investments deliver value.
- Reflect our CARES* guiding principles in technology investments.

Strategic Importance to SPU: SSTP will directly support SBP strategic objectives by identifying key technology projects and investments, establishing roadmaps for technology implementation, and building technology capabilities in key focus areas such as asset management, smart water, customer experience, and cybersecurity.

Major Milestone Commitments: (2025-2030)

- Implement sustainable solutions that benefit SPU staff to enhance efficiency, customer service, and response times.
- Continuously monitor technology performance to optimize systems for efficiency, resource allocation, and asset management.
- Ensure compliance with relevant regulations and standards, including cybersecurity and data privacy.

Budget + Funding Source: (base) + new proposed; source (lobs or all)

- Continued Base funding 105M total over investment time. AMI is separate from this funding.



Advanced Metering Infrastructure (AMI)

Andrew Lee & Natasha Papsoueva

Advanced Metering Infrastructure

S B P Investment Proposal

November 13, 2023



Advanced Metering Infrastructure Investment

It's a **software integration and configuration program**
(Systems Integration)

It's a **construction program**
(Meter and Network Deployment)



It's a **customer service program**
Designing / Redesigning Processes

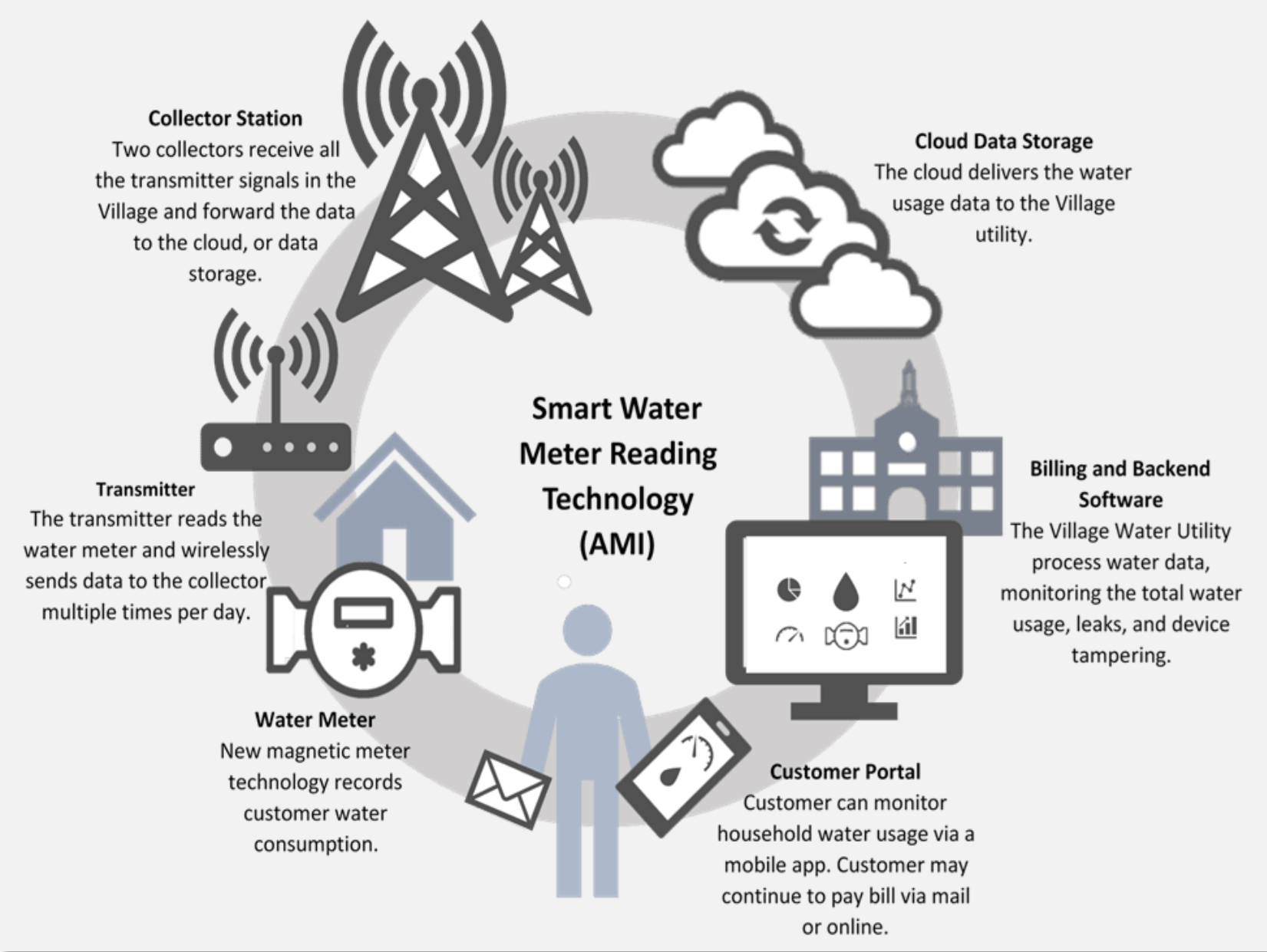
It's a **strategic program**
(Digital Roadmap, Business Case and Funding)

It's an **operational program**
(Designing / Redesigning Processes)

SPU is proposing Advanced Metering Infrastructure (AMI) investment that would include:

- Replacing most SPU's mechanical metering assets with **electronic meters**, equipped to transmit real time water consumption data.
- Establishing a network to transmit **consumption data** into a cloud-based meter data management solution.
- Enabling automated **remote meter reading** and **monthly billing**.
- Provide **water consumption information** to customers through SPU's Utility Services Customer Portal.

AMI at a Glance



Key Components:

- AMI enabled water meters
- Transmitters
- Collectors

Existing Assets:

- ✓ Meter Data Management system (MSCS), cloud based
- ✓ Customer Billing System (CCB)
- ✓ Utilities Customer Self Service Portal (UCSS)

AMI Customer Benefits

Leak Detection



SPU pays \$3.5M annually on average (2021-2023) in leak adjustments. AMI implementation will allow for early **leak detection** and revenue recovery.

Billing Affordability



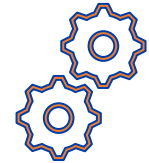
SPU has 3.8% bill estimation rate (2021-2023), currently bills every two months, which affects service affordability. AMI will significantly reduce estimates and will allow for **monthly billing**.

Customer Experience



Customers have **visibility** to monthly bills and water consumption on the Portal, understand how they use water, identify **usage trends**, verify usage and without contacting customer service staff.

Climate Resiliency and Environmental Stewardship



Customers actively **co-manage water resources**, particularly during water advisory periods, get engaged in water conservation and other climate resiliency programs.

Strategic Importance of AMI Project

Transformational opportunity for SPU to modernize its metering operations, management of meter assets, customer operations and customer experience.



Water System Operations & Planning

Increased revenue due to more accurate water consumption data, decreased non-revenue water, asset preventative maintenance, and future Smart Water capabilities



Meter Operations

Reduction in manual meter reading, identification of consumption anomalies, tempering, meter errors and malfunction



Workforce

Improved employee safety, decreased health risks, training and professional development opportunities



Sustainability & Resilience

Reduced vehicle utilization and emissions, improved water demand and water consumption management



Customer Service

Issue resolution with real time consumption data, water consumption visibility on the Portal, early notification for abnormal consumption

Customer Utility Portal

Consumption trends

Leak detection

Consumption comparisons

Leak alerts

Water meter information

Daily consumption

Weather information



AMI Project and Meter Assets

Age of meter assets and potential under-registered consumption

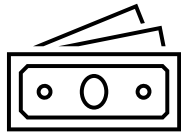
Age (Years)

	0-4	5-9	10-15	15-20	20-25	>25	TOTAL
3/4	7,539	7,965	7,434	12,458	12,430	116,591	164,417
1	1,658	1,240	1,015	2,054	2,523	15,263	23,753
1.5	424	387	321	496	684	3,090	5,402
2	546	553	442	554	727	3,027	5,849
3	27	95	80	91	77	123	493
4	317	305	187	108	149	362	1,428
6	115	90	30	52	95	250	632
8	41	41	8	14	43	153	300
10	14	11	1	4	19	13	62
12	6	3	-	3	13	3	28
16	-	-	1	1	-	-	2
20	-	2	-	-	1	-	3
24	-	-	-	-	1	-	1
TOTAL:	10,687	10,692	9,519	15,835	16,762	138,875	202,370

- **76%** of SPU's meters are **at or over 20 years old**
- Some **older meters under-register water volumes** as the mechanical equipment ages.
- Given the average age of SPU's meters, there is a **potential for recovering additional revenue** once AMI enabled meters are installed, as they tend to be more accurate.

AMI Costs (CIP) and Rate Impact

Costs



<u>Year</u>	<u>Amount</u>
2025	\$7,445,000
2026	\$18,612,500
2027	\$32,758,000
2028	\$37,225,000
2029	\$34,247,000
2030	\$18,612,500
TOTAL	\$148,900,000

Rates



- AMI \$150M over 6-years = **0.2%**

Project Operational Impacts

Anticipated Cost Savings (at full implementation)

Meters Reading Operational Cost: \$1.4M annually

Customer Service Operational Cost: \$358K annually

Reduced Leak Adjustment: \$2.5M annually

Meter Replacement Mitigation: \$433K annually

Projected savings over 10-year period

\$46.9M

Key operational assumptions:

- SPU will focus on minimizing workforce impacts from AMI by retraining staff and transitioning them to different roles.
- Customers will be offered an opt out option from AMI implementation.
- SPU will be able to leverage existing technology assets in its portfolio, such as its Utilities Customer Self-Service Portal, CCB billing system, and MSCS meter data management system.
- Some meters older than 5 years may be able to be retrofitted, but it is unknown at this stage of analysis.
- SPU anticipates additional revenue recovery due to introduction of more accurate electronic meters; however, the exact extent of the recovery can not be firmly projected at this point.

Questions?



Closing & Adjourn

Cheryl Swab, BDS Planning

